

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 9, 2012
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: William B. McNulty, Economic Analyst, Division of Economic Regulation *WBM*
RE: Docket No. 110303-OT - Section 120.745, F.S. (2011), Legislative review of agency rules in effect on or before November 16, 2010

Please find attached responses from two Florida gas utilities to the Compliance Economic Review Survey issued in this docket on February 24, 2011. The responses include one from Okaloosa Gas District e-mailed to the Commission Clerk on February 29, 2012 (3 pages) and another from Energy Services of Pensacola e-mailed to me on March 2, 2012 (5 pages). Please place these documents in the docket file. Thank you.

RECEIVED-FPSC
12 MAR -9 AM 11:18
COMMISSION
CLERK

DOCUMENT NUMBER DATE

01383 MAR-9 2

FPSC-COMMISSION CLERK

Bill McNulty

From: Commission Clerk
Sent: Thursday, March 01, 2012 4:25 PM
To: Bill McNulty
Subject: FW: Commission Clerk Inbox

Attachments: Copy of Assessment Fee Questionnaire1.xlsx

Bill, this response from Mr. Lozano, came in to CLK Commision Clerk email box used for issuing Orders/Notices/Memos. It has a attachment for the survey response.

Matilda/CLK

From: Jose Lozano [mailto:JoseLozano@okaloosagas.com]
Sent: Wednesday, February 29, 2012 4:44 PM
To: Commission Clerk
Subject:

See attached completed questionnaire

From: Commission Clerk [mailto:CommissionClerk@psc.state.fl.us]
Sent: Friday, February 24, 2012 2:21 PM
Subject: FPSC E-service of Document NO. 01052-12 in Docket 110303-OT (Email ID = 294330)

The document described below has been issued by the Florida Public Service Commission and filed with the Office of Commission Clerk. As a party of record at the time of issuance or, if applicable, an interested person, you are being provided this information electronically.
 Should you have any problems accessing this document, please contact the Office of Commission Clerk by reply e-mail. Do not alter the subject line, as it is used for processing.

DOCUMENT NO.	DESCRIPTION
01052-12 (4 pgs.)	ECR/McNulty – Memo dated 2/24/12 to Florida gas municipals and special gas districts forwarding staff's survey questions regarding Rule 25-7.0131, FAC, to complete compliance economic review required by Sections 120.745 and 120.541, FS; responses should be filed by 5:00 p.m. on 3/14/12.

Jose N. Lozano
 364 Valpraiso Pkwy
 Valparaiso, Fl 32580
 850-729-4860 Office
 850-865-2946 Cell

3/1/2012

Okaloosa Gas District
 Industry Survey for Legislative Review of Agency Rules in Effect on or Before November 16, 2010

1.	Estimated Annual Transactional Cost	\$ 291
		5
	Estimated Transactional Cost for the 5 years beginning 7/1/2011	\$ 1,455
2.	Estimated Annual Impact on Small Businesses in Service Area	\$ 60,376
		5
	Estimated Transactional Cost for the 5 years beginning 7/1/2011	\$ 301,881
3.	Estimated Annual Impact on Cities & Counties in Service Area	\$ 1,081
		5
	Estimated Transactional Cost for the 5 years beginning 7/1/2011	\$ 5,405.14
4.	Estimated Annual Impact on Cities & Counties in Service Area	\$ 40,722
		5
	Estimated Transactional Cost for the 5 years beginning 7/1/2011	\$ 203,608
5.	To the extent that the money is flowing out of the service area, it would be a drain on growth, job creation and employment by the annual assessment amount.	
6.	This assessment is to be used to insure pipeline safety. In terms of business competitiveness it would reduce it when competing with other States that do not have such assessment.	
7.	The State of Florida mandates specific requirements to insure pipeline safety. While most utilities have good in-house practices that insure Florida pipeline safety laws are met, some do not. This assessment, if utilized for maximum benefit, would insure that all utilities provide a safe environment for all Florida citizens.	

Okaloosa Gas District
 Industry Survey for Legislative Review of Agency Rules in Effect on or Before November 16, 2010

1. Estimated Transactional Cost		
Kim's hourly rate	\$	25.08 per hour
Benefits		1.45
Preparation Time		8.00 hours per year
Estimated Total	\$	<u>290.93</u>
2. FY 2011 Commercial Revenue	\$	10,785,277.03
less: County & City Revenue	\$	<u>593,204.84</u>
Adj Commercial Revenue	\$	10,192,072.19
FY 2011 Total Revenue	\$	33,130,875.49
% of Total		30.76%
2011 Assessments		
Jan-June 2011	\$	37,099.92
July-Dec 2011	\$	<u>23,276.20</u>
Total 2011	\$	60,376.12
Estimated Impact on Small Businesses	\$	18,573.54
3. County & City Revenue	\$	593,204.84
FY 2011 Total Revenue	\$	33,130,875.49
% of Total		1.79%
2011 Assessments		
Jan-June 2011	\$	37,099.92
July-Dec 2011	\$	<u>23,276.20</u>
Total 2011	\$	60,376.12
Estimated Impact on Cities & Counties	\$	1,081.03
4. FY 2011 Total Revenue	\$	33,130,875.49
less: Commercial	\$	10,192,072.19
City & County	\$	<u>593,204.84</u>
Total Other Entities	\$	22,345,598.46
FY 2011 Total Revenue	\$	33,130,875.49
% of Total		67.45%
2011 Assessments		
Jan-June 2011	\$	37,099.92
July-Dec 2011	\$	<u>23,276.20</u>
Total 2011	\$	60,376.12
Estimated Impact on Other Entities	\$	40,721.55
5. To the extent that the money is flowing out of the service area, it would be a drain on growth, job creation and employment by the annual assessment amount.		
6. This assessment is to be used to insure pipeline safety. If the assessment is utilized for maximum benefit, there would be a beneficial impact in terms of business competitiveness in that it would create a safe work environment.		
7. The State of Florida mandates specific requirements to insure pipeline safety. While most utilities have good in-house practices that insure Florida pipeline safety laws are met, some do not. This assessment, if utilized for maximum benefit, would insure that all utilities provide a safe environment for all Florida citizens.		

Bill McNulty

From: Don Suarez [DSuarez@cityofpensacola.com]
Sent: Friday, March 02, 2012 11:05 AM
To: Bill McNulty
Cc: Bonnie Hoffman; Darryl Singleton; Janine Clakley
Subject: 01052-12_data request - gas municipals and special gas districts.doc
Attachments: 01052-12_data request - gas municipals and special gas districts.doc
Mr. McNulty,

Please see our responses in red in the attachment.

Don Suarez, Director
Energy Services of Pensacola
dsuarez@cityofpensacola.com
O-850-474-5316

COMMISSIONERS:
RONALD A. BRISÉ, CHAIRMAN
LISA POLAK EDGAR
ART GRAHAM
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STATE OF FLORIDA



MARSHALL WILLIS, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

February 24, 2012

To: Florida Gas Municipals and Special Gas Districts

Re: Docket No. 110303-OT - Industry survey for legislative review of agency rules in effect on or before November 16, 2010

To Whom It May Concern:

Please see attached Staff's survey questions. Your timely response to these survey questions regarding Rule 25-7.0131, F.A.C. – Regulatory Assessment Fees; Gas Utilities, Gas Municipals, and Gas Districts will be used to complete the Commission's Compliance Economic Review required by Sections 120.745 and 120.541, Florida Statutes. All responses should be filed in Docket No. 110303-OT by 5:00 p.m., Wednesday, March 14, 2012, and addressed to:

Bill McNulty
c/o Ann Cole
Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

If you have any questions, please contact me at 850-413-6848 or bmcnulty@psc.state.fl.us. Thank you for your assistance.

Sincerely,

/s/ Bill McNulty
Bill McNulty
Economic Analyst
Division of Economic Regulation

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

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PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

FPSC Survey Questions re: Compliance Economic Review
Gas Municipals and Gas Districts

Date Questions Issued: February 24, 2012

Date Responses Due to Commission Clerk: March 14, 2012

FPSC Contact: Bill McNulty, bmcnulty@psc.state.fl.us, 850-413-6848

Rule 25-7.0131, F.A.C. - Survey Questions

The following survey questions apply to Rule 25-7.0131, F.A.C. – Regulatory Assessment Fees; Gas Utilities, Gas Municipals, and Gas Districts. For purposes of responding to these questions, please refer to Subsection 120.541(2), F.S., and Subparagraph 120.745(1)(b)2, F.S. “Transactional costs” are defined in Subparagraph 120.541(2)(d), F.S., as:

...direct costs that are readily ascertainable based upon standard business practices, including filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

The Gas Municipal’s or Gas District’s response data to these survey questions should be provided for the entire rule, unless the response data is available by rule section, in which case we request the response data be provided by rule section. Please present data in annualized format, if possible, and all cost or benefit dollar estimates should be stated in nominal terms.

1. What are the Gas Municipal’s or Gas District’s estimated transactional costs resulting from the Gas Municipal’s or Gas District’s compliance with Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011? Please identify regulatory assessment fees separately from all other transactional costs required to comply with the rule.

Regulatory assessment fees estimated to be \$60,000 - \$65,000 annually; other administrative costs estimated to be \$1,800 - \$2,000 annually.

2. What is the Gas Municipal’s or Gas District’s estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by s. 288.703) located in the Gas Municipal’s or Gas District’s service territory, resulting from the implementation of Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011?

Unknown, fee and administrative costs are built into rate base.

3. What is the Gas Municipal’s or Gas District’s estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in s. 120.52) located in the Gas Municipal’s or Gas District’s service territory, resulting from the implementation of Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011?

Unknown, fee and administrative costs are built into rate base.

4. What is the Gas Municipal's or Gas District's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Gas Municipal's or Gas District's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of Rule 25-7.0131, F.A.C., for the five year period beginning July 1, 2011?

Unknown, fee and administrative costs are built into rate base.

5. What does the Gas Municipal or Gas District believe is the expected impact of Rule 25-7.0131, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011 in the Gas Municipal's or Gas District's service territory?

Unknown, fee and administrative costs are built into rate base.

6. What does the Gas Municipal or Gas District believe is the expected impact of Rule 25-7.0131, F.A.C., on business competitiveness, including the ability of persons doing business in the Gas Municipal's or Gas District's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011?

Unknown, fee and administrative costs are built into rate base.

7. What does the Gas Municipal or Gas District believe are the benefits of Rule 25-7.0131, F.A.C.?

Continued regulatory inspection and compliance.

25-7.0131 Regulatory Assessment Fees; Gas Utilities, Gas Municipals, and Gas Districts.

(1) As applicable and as provided in Sections 350.113 and 366.14, F.S., each gas utility, municipal, or gas district shall remit a fee based upon its gross operating revenue. This fee shall be referred to as a regulatory assessment fee. Regardless of the gross operating revenue of a Gas Municipal or Gas District, a minimum annual regulatory assessment fee of \$25 shall be imposed.

(a) Each investor-owned gas utility shall pay a regulatory assessment fee in the amount of .005 of its gross operating revenue derived from intrastate business, excluding sales for resale between public utilities, municipal gas utilities, and gas districts or any combination thereof.

(b) Each municipal or gas district shall pay a regulatory assessment fee in the amount of 0.001919 of its gross operating revenue derived from intrastate business, excluding sales for resale between public utilities, municipal gas utilities, and gas district or any combination thereof.

(2) Regulatory assessment fees are due each January 30 for the preceding period or any part of the period from July 1 until December 31, and on July 30 for the preceding period or any part of the period from January 1 until June 30.

(3) If the due date falls on a Saturday, Sunday, or a legal holiday, the due date is extended to the next business day. If the fees are sent by registered mail, the date of the registration is the United States Postal Service's postmark date. If the fees are sent by certified mail and the receipt is postmarked by a postal employee, the date and the receipt is the United States Postal Service's postmark date. The postmarked certified mail receipt is evidence that the fees were delivered. Regulatory assessment fees are considered paid on the date they are postmarked by the United States Postal Service or received and logged in by the Commission's Division of Administrative Services in Tallahassee. Fees are considered timely paid if properly addressed, with sufficient postage and postmarked no later than the due date.

(4) Commission Form PSC/ECR 67 (01/99), entitled "Investor-Owned Natural Gas Utility Regulatory Assessment Fee Return" and Form PSC/ECR 71 (07/96), entitled "Gas Municipal or Gas District Regulatory Assessment Fee Return" are incorporated into this rule by reference and may be obtained from the Commission's Division of Administrative Services. The failure of a utility to receive a return form shall not excuse the utility from its obligation to timely remit the regulatory assessment fees.

(5) Each utility, municipal, and gas district shall have up to and including the due date in which to:

(a) Remit the total amount of its fee or

(b) Remit an amount which the utility, municipal, or gas district estimates is its full fee.

(6) Where the utility, municipal, or gas district remits less than its full fee, the remainder of the full fee shall be due on or before the 30th day from the due date and shall, where the amount remitted was less than 90 percent of the total regulatory assessment fee, include interest as provided by paragraph (8)(b) of this rule.

(7) A utility, municipal, or gas district may request from the Division of Administrative Services a 30-day extension of its due date for payment of regulatory assessment fees or for filing its return form.

(a) The request for extension must be written and accompanied by a statement of good cause.

(b) The request for extension must be received by the Division of Administrative Services at least two weeks before the due date.

(c) Where a utility, municipal, or gas district receives an extension of its due date pursuant to this rule, then the utility, municipal, or gas district shall remit a charge in addition to the regulatory assessment fee, as set out in Section 350.113, F.S.

(8) The delinquency of any amount due to the Commission from the utility, municipal, or gas district pursuant to the provisions of Section 350.113, F.S., and this rule, begins with the first calendar day after any date established as the due date either by operation of this rule or by an extension pursuant to this rule.

(a) A penalty, as set out in Section 350.113, F.S., shall apply to any such delinquent amounts.

(b) Interest at the rate of 12 percent per annum shall apply to any such delinquent amounts.

Specific Authority 350.127(2), 366.14 FS. Law Implemented 350.113, 366.14 FS. History—New 5-18-83, Formerly 25-7.131, Amended 10-19-86, 4-25-90, 7-7-96, 1-1-99.